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COORDINATION, PROGRAMME
AND OTHER QUESTIONS

# Review of financial resources allocated by the United Nations system to activities by non-governmental organizations

## Note by the Secretary-General

The Secretary-General has the honour to submit to the General Assembly and the Economic and Social Council the comments of the Administrative Committee on Coordination on the report of the Joint Inspection Unit entitled "Review of financial resources allocated by the United Nations system to activities by non-governmental organizations" (A/51/655-E/1996/105, annex).

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ANNEX

Comments of the Administrative Committee on Coordination on the report of the Joint Inspection Unit entitled "Review of financial resources allocated by the United Nations system to activities by non-governmental organizations"

## I. GENERAL COMMENTS

1. The Administrative Committee on Coordination (ACC) has found the report to be a useful contribution to the policy-level discussions taking place within the Economic and Social Council and the General Assembly on relations between the United Nations and non-governmental organizations (NGOs), as well as on the role of national NGOs in the country's economic and social development. The Committee has noted that the present report represents the continuation of dialogue on the issue of NGOs started in the previous report of the Joint Inspection Unit (JIU) entitled "Working with non-governmental organizations: operational activities for development of the United Nations system with non-governmental organizations and Governments at the grass-roots and national levels" (A/49/122-E/1994/44). It also expressed its appreciation that JIU undertook the study which contains a financial analysis and a comparison of costs involved in United Nations/Government/NGO activities, as requested by ACC in its comments on the earlier JIU report (A/49/122/Add.1-E/1994/44/Add.1).

2. The main purpose of the latest report was to examine the rules and procedures related to the allocation of funds from both regular budget and extrabudgetary sources for activities carried out by NGOs on behalf of the organizations of the United Nations system that provide funds to NGOs as implementing partners. Therefore, the scope of the study was limited to the allocation of resources by organizations and agencies of the United Nations system, as well as the United Nations funds and programmes that are financed by voluntary contributions.

3. ACC agrees that it is important and timely to analyse the changes in the institutional environment within which the United Nations system operates, and in particular to take account of the more active role being played by certain elements of "civil society" in the areas of development and humanitarian assistance. The Committee, therefore, supports the general thrust of the report in favour of enhanced operational cooperation of the United Nations system with NGOs, and believes that the study provides useful information on the current status of NGO cooperation with the organizations of the United Nations system. That information may serve as the basis for an inter-agency assessment of programme and operational issues to be undertaken by the Consultative Committee on Programme and Operational Questions.

4. In general, ACC members found the report informative, well-conceived, comprehensive and balanced. They concur, in principle, with the conclusions and recommendations of the JIU, particularly in view of the fact that many of the proposals contained in the report are already being progressively implemented by organizations and agencies under their NGO policy guidelines. However, in some

instances the report was found to contain a number of shortcomings which, to some extent, diminished the value of the study.

5. First of all, in the view of ACC members, the report does not take sufficient account of the broad variety of NGOs, whose roles, operational procedures and financial requirements are quite different, ranging from large international organizations to national support NGOs and representative peoples' organizations.

6. It is also unfortunate that the scope of the report is restricted to the narrow situation in which a transfer of funds between the organizations of the United Nations system and NGOs is involved. And even while the study alludes to some broader issues of NGO cooperation, such as the need for focal points or capacity-building, it tends to view this cooperation solely from a funding perspective. In this regard, some agencies would like to mention that in their cases, activities involving a transfer of financial resources represent only a minor part of collaboration with NGOs, and therefore such differences within the United Nations system should be taken into account in a future review of operational cooperation.

7. Some ACC members believe that even within the narrow perspective of assessing flows of resources, it would be opportune to distinguish among several quite different types of interactions with NGOs. First, NGOs may be contracted to carry out, on behalf of United Nations system organizations, activities they have not been involved in formulating. In those cases, NGOs play the same role as that of any contractor or subcontractor and should therefore compete with others for the awarding of contracts, and the same procedures regarding accountability for funds received should apply. Second, an NGO may be allocated funds by or through a United Nations system organization to carry out activities that provide support to the its own programmes or those formulated jointly, where the role of the NGO is that of beneficiary or partner. In that case the criteria for selection of partners and the accounting procedures would be different than in the first case. Finally, NGOs may coordinate their programmes with those of United Nations system organizations and plan and implement parallel and mutually supportive activities without any transfer of financial resources. In that case no issues of financial accountability are involved. This is a form of NGO operational cooperation, which, in the view of ACC members, is likely to increase considerably in the future.

8. With regard to the financial management of resources devoted to NGOs, ACC members agree with the need for a better accounting and reporting procedure, however they are not convinced that the resulting ability to produce comparative statistics will be particularly useful, since the operating budgets of organizations and agencies are very different and their individual needs in terms of cooperation with NGOs are fully adapted to their respective roles and mandates. Moreover, some ACC members are of the opinion that better procedures for the selection, efficiency and accountability of NGOs do not necessarily require criteria distinct from those generally applicable to any partnership with external bodies involving funding. It is in the selection of those NGOs with which official relations are established that there is still a need for more precise criteria in many United Nations bodies. The careful selection and screening of NGO partners will guarantee the sought-after improvement in

efficiency and accountability regarding the use of financial resources allocated to them.

9. Some ACC members draw attention to the report's assumption that NGOs are pivotal in building equitable and stable societies. It is indisputable that in many countries NGOs have played an important role in providing basic services to remote and marginalized communities, denouncing violations of human rights, fighting for the establishment of democratic regimes, etc. However, the growing financial opportunities offered to NGOs by the funding agencies have resulted in the appearance of NGOs that often lack social commitment and technical competence, as well as a clearly identified clientele. In such a situation, the pertinence and usefulness of the above assumption is obviously weakened.

10. Some United Nations entities expressed reservations relating to the comment of the JIU that "the United Nations Secretariat, which usually does not finance NGO activities, is not concerned with all the recommendations". That statement is not entirely accurate, as demonstrated below.

11. The United Nations Secretariat does deal increasingly with NGOs. Thus, for instance, the Department for Policy Coordination and Sustainable Development has an NGO unit, and so does the Department of Public Information, both of which are financed from the United Nations regular budget. Also under the budget of the Department for Policy Coordination and Sustainable Development for the biennium 1996-1997, a grant was approved by the General Assembly for financing the Non-Governmental Liaison Service. In 1995, recognizing the need to enhance cooperation between the United Nations and NGOs, the Secretary-General designated his Special Adviser as the focal point in the Executive Office on all the matters pertaining to NGOs.

12. Furthermore, the United Nations Secretariat did finance the participation of a number of NGOs in the major United Nations conferences, in particular those from the developing and least developed countries, through various trust funds established for those conferences. Seminars, workshops and other activities involving NGOs in the preparation of and follow-up to those conferences were also financed by the United Nations Secretariat. It should also be mentioned that the initiatives taken by the Department for Policy Coordination and Sustainable Development to establish a common NGO database and to develop better outreach and arrangements for NGO participation in intergovernmental processes do involve financial implications as well. The above facts on increasing involvement by the United Nations Secretariat in supporting NGO activities should not have been overlooked by the JIU.

13. Similar comments were made by the regional commissions. In the case of the Economic and Social Commission for Asia and the Pacific, for instance, although there is no direct provision of funds to NGOs as implementing partners, there is close collaboration between the Commission and the NGOs in the implementation of its technical cooperation projects financed from extrabudgetary resources, especially in areas that have an impact on poverty alleviation, such as reproductive health and family planning, population ageing, urbanization, environment, social development, including women in development, the disabled, etc. The cooperation of the Economic and Social Commission for Western Asia with NGOs involves the direct and indirect participation of NGOs, volunteers and

local communities by means of formal agreements and mechanisms for the implementation of projects. There is a continuous dialogue with the NGO community, which facilitates the exchange of information on major issues of concern. The Commission also provides technical and substantive advisory services to the NGO community and invites it to assume a partnership development role in mobilizing operational activities at the country level. In the European region, cooperation between the Economic Commission for Europe and NGOs does not include financing activities carried out by NGOs, but, on the contrary, NGOs, by their in-kind contributions, provide support to many activities carried out by the Commission. The regional commissions would be willing, if the study on NGO relations with the United Nations is supplemented in the future, to contribute information based on their rich experience.

14. Some ACC members have commented that while JIU devotes almost 20 pages of its study to describing how different agencies and programmes of the United Nations system allocate resources to NGOs and select the recipients, it does not clearly identify those practices considered best and worthy of adoption by other agencies.

15. Several agencies found it contradictory that, on the one hand, the report states that the accountability for funds going to NGO activities is insufficient and, on the other hand, it appeals for a better reporting on the resources allocated to NGOs.

16. Some ACC members mentioned that the report repeats the initiatives already taken by the Consultative Committee on Programme and Operational Questions and therefore does not break new ground.

17. The representative of the World Bank commented that while the text regarding its activities in the area under consideration was accurate and complete, the phrase in paragraph 131, "the Bank can play a mediating role" should be continued to include "... but still would need government agreement", thus reinforcing the message that the borrower determines the use of NGOs, not the Bank.

18. Finally, ACC members are of the view that one of the most important aspects of working with NGOs is the need for flexibility. This should, however, be balanced with the need for accurate information relating to financial resource expenditures vis-à-vis non-State partners. In the attempt to achieve accuracy through databases, policy guidelines and reporting procedures, flexibility may become more difficult to achieve. In turn, NGO partners may in fact become increasingly bureaucratized and less flexible in meeting the needs of the poorer segments of society. It should also be remembered that many NGOs have limited organizational and financial capacities and may not be able to meet established standards. There are instances in which financial accountability is matched with operational effectiveness; in particular, the small-grants programmes of the United Nations Development Programme (UNDP) are an excellent example of this synergistic potential. The tripartite institutional arrangements of those programmes facilitate an environment in which each actor (NGO/Government/UNDP) has a vested interest in programme quality and therefore allocates financial resources in a cost-effective and efficient manner. It is this type of arrangement that can ensure accountability and transparency.

## II. COMMENTS ON RECOMMENDATIONS

**Recommendation 1**

**All United Nations system organizations collaborating with NGOs in carrying out their tasks should establish a transparent financial management procedure by compiling and maintaining a database on their activities with NGOs. Such a database will also be useful as a way of measuring trends and recording experience as well as any other relevant information in cooperation with NGOs. This database should include, among others:**

**(a) All projects with NGO partnership, the project title and duration, beneficiaries, total budget and source of funds, the affiliated NGO and its type collaborating in the execution and/or implementation of projects;**

**(b) The percentage of the total project budget which goes to direct programme execution/implementation and that allocated to administrative support costs when applicable.**

19. With regard to this recommendation, many ACC members comment that they have for a number of years maintained a computerized database on their activities with NGOs, covering both project agreements and budgetary and financial information. These systems are maintained, as a rule, by a special unit established within the respective secretariat for NGO matters. In the case of the Office of the United Nations High Commissioner for Refugees (UNHCR), for instance, the database is supplemented by a second database, maintained by the Office of the NGO Coordinator, which contains information on all the NGOs that have an interest in refugees, whether they are UNHCR implementing partners or not. Updated information from the latter database is published regularly as an NGO directory.

20. Other organizations and agencies are in the process of systematizing data on their activities with NGOs, which will include NGOs involved in their work, those in consultative status, NGOs and other organizations of civil society at the country level that could be potential partners in implementing development projects, as well as specific information on the type of cooperation provided and resource allocation. Within the UNDP structure, for example, the Civil Society Organizations Programme is currently working towards developing a series of guidelines that will enable UNDP country offices to start gathering data on NGOs and other organizations of the civil society (membership groups, trade unions, advocacy groups, etc.) so as to form country-level databases, as well as to appoint full-time focal points for civil society within those offices, as suggested in recommendation 2. At the same time, it should be kept in mind that UNDP programmes are often executed jointly by United Nations system agencies and national government ministries. In that case, NGOs can be subcontracted at any time for specific activities (training, evaluation, etc.). The resources required for those activities are provided in a lump sum to an NGO, blurring the administrative and operational costs. One possible solution to this problem is to allow for NGO execution that would provide exact figures. Unfortunately, this has yet to become an operational reality. In this context, establishing a database may offer insight into NGO functions, capacities and legitimacy, but may not provide the needed data. The Food and Agriculture Organization of the

United Nations (FAO) is in the process of establishing a database on its activities with NGOs, which is not viewed primarily as a tool for financial management. It will include references to projects carried out in partnership with NGOs, but not to minor NGO subcontracts.

21. Several ACC members had some difficulty in agreeing with the JIU proposal that all the United Nations system organizations should establish and maintain a database on NGOs, which, they believe, needs to be considered in the context of financial and staff constraints facing the United Nations. Their main argument is that the limited number of projects involving NGOs and the small amount of funds allocated for such projects would not justify the costs of establishing the requested database. They also stress that the present administrative framework of the United Nations system is complicated enough without compounding it with additional reporting formats. In their view, it would have been preferable if the Inspectors, who had the opportunity to examine the existing procedures of various United Nations organizations, had provided recommendations for introducing simpler and more meaningful programmatic and financial reporting. Such recommendations should fully take into account the ongoing process of streamlining United Nations administrative procedures and the introduction of the Integrated Management Information System.

22. Some ACC members, while agreeing in general with the proposals contained in this recommendation, note that the report does not include the cost of a project on establishing and maintaining a database for transparency in financial management. They stress that such projects require not only upgraded technology, but also skilled human resources. They refer to the recent efforts by some United Nations entities, such as the Department for Policy Coordination and Sustainable Development, the Department of Public Information, the United Nations Children's Fund (UNICEF) and the Non-Governmental Liaison Service, to avoid duplication by building a shared database of records about NGOs that are involved in the work of more than one entity, thus improving the dissemination and collection of information and the maintenance of records and facilitating access to a wide number of NGOs by sector, gender and geographic location. This type of common database could be used at Headquarters as well as in the field.

23. One ACC member proposed that, as a first step towards improving the access to information on NGOs being held by various agencies, programmes, funds, departments, divisions and other entities, an inventory of various NGO databases in the United Nations system should be established. That member believed that such an exercise, already undertaken by the Advisory Committee for the Coordination of Information Systems in 1988, would help to assess the situation and to find the best way for establishing an integrated database on NGOs, as requested by the Economic and Social Council in its resolution 1996/31, part XI, of 25 July 1996.

**Recommendation 2**

**United Nations system organizations recognize that the tasks of both "operational" and "advocacy" NGOs at the international and national levels are essential if the system is to achieve its objectives. In response to a recent decision of the Consultative Committee on Programme and Operational Questions, an inter-agency assessment of whether there is a need for establishing an**

inter-agency mechanism which would bring together NGO focal points on programme and operational issues is currently under way. The increasing responsibilities require and merit full-time NGO liaison officers to follow and coordinate the activities of NGOs.

(a) At the headquarters level, operational organizations which have not already appointed an NGO liaison officer should do so in order for him/her to consult, on behalf of the organization, with NGO umbrella organizations, bilateral and multilateral donors, other United Nations agencies and different NGOs. The person in question should be informed regularly by the Budget Division on the status of allocation and expenditure of resources to NGO activities, as well as be involved in and provide inputs to the preparation of the budget dealing with NGO activities (see recommendation 3).

(b) At the country level, coordination with the Government, other national institutions and local NGO umbrella organizations should be assigned by each organization/agency to a national United Nations officer who has an understanding and appreciation of the local culture. He should carry out this function under the direct supervision of the Chief Technical Adviser (CTA) and, where there is no CTA, one of the agency staff members with similar functions who should be accountable and responsible for the management of the organization's resources devoted to NGOs activities.

(c) A mechanism should be established whereby headquarters and country level NGO liaison officers would share their experiences. This way both officials are informed of each other's activities.

24. The Unit's idea of following and coordinating the activities of NGOs through various mechanisms at the headquarters and country levels is supported in principle by ACC. According to ACC members' comments, the coordination of activities with NGOs is mainly carried out by external relations offices or special coordinators established specifically for those purposes. In the field, those functions are assigned to the agencies' country directors, representatives or focal points. In the case of UNHCR, for instance, the setting up of inter-NGO committees as well as government/UNHCR/NGO coordinating committees in all country programmes is in process. FAO has established at its headquarters a special office responsible for liaison with NGOs: the Unit for Cooperation with the Private Sector and NGOs, which has access to financial information regarding FAO/NGO cooperation and reviews proposals for projects to be carried out in partnership with NGOs.

25. ACC reaffirms the decision of the Consultative Committee on Programme and Operational Questions, concerning the assessment of the need to establish an inter-agency mechanism to bring together NGO focal points on programme and operational issues.

26. At the same time, several ACC members have expressed doubts similar to those related to recommendation 1, namely, whether it would be financially justified for all the organizations and agencies of the United Nations system to establish full-time NGO liaison officers at the headquarters and country levels. They also strongly believe that there cannot be a blanket job description for the headquarters NGO liaison officer, but his or her functions should rather be

determined in line with other responsibilities within the organization. They also do not share the view contained in subparagraph (b) of recommendation 2 that national officers should necessarily be responsible for coordination with the Government, other national institutions and local NGO umbrella organizations. While national officers do indeed have a useful role to play, one of the most important considerations should be the objectivity of the officer in determining which organizations should be selected as partners. In this regard, they have some doubts whether national officers will always be completely impartial. They also strongly believe that national officers should not report to a Chief Technical Adviser unless it is related to a specific project, but rather to country and regional directors, who are responsible for the overall programme in the area covered.

27. Some ACC members expressed their regret that their activities and positive experience in the area considered in recommendation 2 had not been reflected in the study. Thus, for instance, with regard to the Unit's appeal to develop better knowledge of national and local organizations, the Department of Public Information, both at Headquarters and in the field (United Nations Information Centres and United Nations International Schools), has maintained the longest relationship (since 1946) with operational and advocacy NGOs interested in the priorities of the United Nations, and this experience and knowledge should necessarily be included in any future inter-agency coordinating initiatives. At the country level, United Nations Information Centres and United Nations International Schools have very rich experience in working with government agencies, other national institutions and local NGOs, including NGO umbrella organizations, and can provide qualified advice to any agency's staff members involved in activities in a given country. Similar experience has been accumulated by many other organizations and agencies, which should have been taken into account by JIU.

**Recommendation 3**

**All United Nations operational organizations should evaluate the advantages and disadvantages of establishing a budget line for NGO activities without prejudice for technical cooperation programmes to benefit from additional sources of funds.**

**Recommendation 4**

**The Economic and Social Council in its proposal to the General Assembly on the updating of its resolution 1296 (XIV) of 1968 (E/1996/L.25, para. 6) specified that "Greater participation of non-governmental organizations from developing countries in international conferences convened by the United Nations should be encouraged". The Inspector agrees fully with this proposal and makes the following suggestions:**

**Organizations not involved in operational activities, such as those mostly at the headquarters level, should envisage a budget line with limited resources to enable them to provide administrative assistance to NGOs in general and particularly those coming from developing countries and from countries with economies in transition to attend meetings, seminars, conferences and workshops. An appropriate procedure should be developed for providing funds.**

28. Many ACC members agree in general with the proposals contained in recommendations 3 and 4. Their main argument for such a view is that, since it is an established policy, the United Nations should cooperate more closely with NGOs. More resources, including a clear budget line, will be needed to meet the needs of NGOs. With regard to recommendation 4, the adoption by the Economic and Social Council of its resolution 1996/31 on consultative arrangements with NGOs, as well as the follow-up to various world conferences, will result in bringing more national NGOs to the United Nations. For NGOs to make a useful contribution to United Nations activities, they will need particular assistance, and the proposal of establishing a budget line can be supported. That budget line should include such items as staffing, meetings and consultations, equipment and travel.

29. Other ACC members comment that they currently have no regular budget funds to be allocated directly to NGO activities. However, their programmes and projects with NGOs are financed from extrabudgetary resources and are implemented on a cost-sharing basis or are financed from third-party contributions. Innovative types of financial cooperation between the public and private sectors are also being fostered. In the case of UNDP, its new programming cycle will rely upon three major categories for funding programmes and projects, namely: (a) global programme funds that go towards supporting cross-cutting issues related to sustainable human development; (b) regional programme funds to be used by the regional bureaux for supporting the main thematic areas of UNDP (e.g., poverty eradication, environmental protection, women in development); and (c) country-level resources used for activities at the national level. In this context, UNDP support to NGOs will come from a combination of the above resources, and UNDP is still in the process of determining how the allocation of those funds will be monitored.

30. Several organizations and agencies have some reservations concerning recommendations 3 and 4. They believe that the most important thing is to involve relevant and credible NGOs in the implementation of programmes and projects of the United Nations operational organizations. If so, such involvement could be effective without the need to establish a separate budget line for NGO activities within a specific project. With regard to recommendation 4, they feel that resources should be devoted to financing the participation of NGOs from developing countries and economies in transition in world conferences, meetings, seminars and workshops, rather than to administrative assistance to facilitate the attendance of NGOs at such forums. This could be effected through closer collaboration among organizations and agencies, with or without operational activities.

31. For some ACC members the concept of establishing a budget line, mentioned in both recommendations, is not clear, nor does it seem very realistic. They argue that it would be difficult to establish such a budget line, since the vast majority of an agency's contributions are earmarked for specific technical cooperation projects. In many agencies, funds to support NGO activities in the field are mobilized from extrabudgetary sources on the basis of specific programme proposals. Limited regular programme funds could be available to facilitate the participation of NGOs in international conferences, meetings, seminars and other forums, as suggested in recommendation 4, if so endorsed by

the respective governing bodies, but extrabudgetary funds are more often sought for those purposes.

32. The representative of one agency commented that, given its specific structure and the role of workers' and employers' organizations in its activities, the current scope of involvement of other NGOs in its work does not justify the establishment of a specific budget line for them. It also questioned the meaning of "administrative assistance" to be provided to NGOs to facilitate their participation in the above-mentioned international forums. The agency argued that if it refers to hotel accommodations or ticket reservations, then it is the job of a travel agency. If the intention is to provide NGOs with information about meetings and seminars, there is no need to allocate extra resources, since every United Nations agency has staff who are specifically responsible for providing this kind of information.

**Recommendation 5**

**There is a need for policy guidelines which satisfy the current requirements for collaboration with NGOs. In addition to the Economic and Social Council framework for collaboration with NGOs, the operational organizations should establish their own policy guidelines in accordance with their mandates. Some organizations have already taken this initiative and have established such guidelines.**

**Therefore, those organizations which are collaborating with NGOs and which have not yet established policy guidelines for cooperating with NGOs in project implementation should proceed to formulate them. The policy guidelines should include, among other things, basic NGO selection criteria such as the NGO's credibility and accountability; administration and budgetary standards; lower cost compared to other implementing partners; familiarity with the local population; flexibility in responding to development needs; and long-term commitment to development.**

33. ACC had no difficulty in supporting this recommendation, since most of the organizations and agencies have established their own policy guidelines in accordance with their mandates, and others are in the process of elaborating such guidelines or reviewing the existing ones to ensure that there is maximum accountability and maintenance of acceptable standards by NGO partners. They also try to ensure that the guidelines include the main criteria to be fulfilled by NGOs applying for consultative status, such as being of a representative character and having a recognized standing, as well as having an established record in areas falling within the competence of a given agency. As far as NGO selection is concerned, there is a view that international NGOs, Governments or UNDP regional offices and agencies' country directors will eventually be able to recommend suitable national or local NGOs.

34. In the process of developing its policy guidelines for collaboration with NGOs, UNDP has found it to be a rather complicated exercise, and has expressed some views that could be of interest to other organizations and agencies. UNDP officially decided to expand its cooperation to a broader range of civil society organizations, including traditional service delivery NGOs, trade unions, membership organizations, the media, church-based groups and the like. Lessons

learned from this process have been an explicit recognition that the voluntary sector is extremely diverse in its functions and forms, and therefore a blueprint may not be appropriate, given the fact that civil society organizations are accountable to a number of stakeholders, including the United Nations system agencies with whom they cooperate, the organization's own constituency and government bodies providing financial support to its activities. In this regard, UNDP wonders if it might be more effective to develop country-specific guidelines for funding while providing a broader policy framework that outlines both the constraints and the benefits of working with civil society organizations in the context of sustainable human development.

**Recommendation 6**

**The current climate of intense donor government interest in the proper use of funds in all areas of activities, including the non-governmental sector, highlights the need for the United Nations organizations to identify easily the resources they receive and be able to account for them, regardless of the size and the nature of the funds. In order to respond to this concern and in line with the intention of the Consultative Committee on Programme and Operational Questions to address the same issue, the following steps should be taken:**

**(a) Since the primary accountability and responsibility for funds it receives from donors lies with the organization, it should be in a position to identify the resources it spends or allocates for NGO activities and know how these funds are disbursed;**

**(b) Organizations which have not yet established a control system should do so within the framework of the letter of understanding or other suitable instruments. They should pay attention to accountability when reporting to their governing bodies on cooperation with NGOs and on the use by them of extrabudgetary and/or supplementary financial resources including funds received from NGOs.**

35. A majority of ACC members support this recommendation, since accountability is an intrinsic prerequisite in agencies' technical cooperation programmes and projects. The steps taken by organizations and agencies in the area under consideration in this recommendation include, inter alia, the establishment of trust fund accounts for all resources received for the implementation of technical cooperation programmes, consultations with the donors to review the implementation of project activities and the utilization of funds allocated for the purpose as provided in individual project documents and the submission of audited accounts to the respective governing bodies. These and other steps serve as the basis not only for improving accountability of NGOs, but also for ensuring higher standards of delivery and improved operational practices.

36. Several ACC members, however, have different views with regard to this recommendation. Judging from their own practices, they state that there is no need for the proposed control system. They believe that the current procedures for monitoring implementation and evaluation provide an adequate framework for accountable and transparent operations, since they adopt with NGOs the same instruments governing transfer of financial resources as they employ for other categories of external partners and apply the same control systems.

Recommendation 7

United Nations system organizations are increasingly aware of the advantage of working with national NGOs in certain areas of their activities, because of their knowledge of and roots in the local situation and the contribution they can make to building equitable and stable societies. In addition, by working with national NGOs the system could contribute more effectively to the country's economic and social development. To achieve this objective, in addition to the support for the Government, the following concrete comprehensive measures should be taken:

(a) United Nations system organizations, in particular the operational organizations, should establish, possibly at Headquarters or at least at the country level, a list of national NGOs and other organizations of civil society that could be potential partners of the United Nations system and the international NGOs. This information should be included in the database proposed in recommendation 1;

(b) Greater consideration should also be given to strengthening government capacities to maintain effective records of national registered organizations;

(c) The Consultative Committee on Programme and Operational Questions may examine the possibility of using the database collected by the organizations to prepare a compendium of national NGOs for the use of the system taking into account the work that is already done in this area by the Non-Governmental Liaison Service. Sharing and exchange of information on national NGOs among the United Nations system organizations is recommended, especially at the country level;

(d) United Nations system organizations should give active consideration to the involvement of national NGOs in the entire project cycle from identification, formulation and implementation partners. In the programme agreement between the Government and the organization, cooperation with national NGOs should be referred to when such cooperation is considered beneficial to the overall programme. United Nations system organizations should, as appropriate, assist national NGOs to formulate, mobilize resources for and implement programmes in support of their activities, in the context of capacity-building;

(e) All United Nations organizations, in particular UNDP, UNICEF and the United Nations Population Fund, should establish a system for training the staff of national NGOs, inter alia, on accounting, preparation and management of projects and reporting, as well as on how to coordinate and collaborate with the United Nations system and the international NGOs and on what is expected of national NGOs in order to become a partner of the international community supporting development;

(f) In view of the fact that the national NGOs, in particular in developing countries, do not have the same administrative, managerial and legal capacity as the international NGOs, flexible selection criteria should be established which take into account credibility, representativeness and competence;

**(g) In the light of the foreseen significant advantages of closer cooperation with national NGOs to enhance the effectiveness and impact of United Nations activities, organizations should make the requisite efforts to give appropriate attention to the improvement of the mutual confidence between NGOs and Member States.**

37. The general thrust of this recommendation, namely, the need for more active involvement of national NGOs in the country's economic and social development, is strongly supported by ACC members, since all the organizations and agencies of the United Nations system, especially those with operational activities, are well aware of all the benefits of NGO contributions to building equitable and stable societies. They also agree with the views of the JIU concerning the need to involve NGOs in the entire project cycle, from formulation to implementation; the establishment of a system for training staff of national NGOs, in particular by the United Nations funds and programmes; developing a flexible NGO selection criteria; and so on.

38. With regard to the proposal contained in subparagraph (a) of this recommendation, ACC members' comments are similar to those related to recommendation 1.

39. The proposal in subparagraph (c) is arguable, since a given agency is not interested in all the NGOs, but only in those involved in activities of a specific area of competence of that agency. In this regard, ACC members are warning against the assumption of the JIU that United Nations system cooperation with NGOs is entirely development-oriented, which is not the case. There is another view related to this proposal, namely, that instead of asking each organization and agency of the United Nations system to prepare a list of national NGOs that could be potential partners of the system, UNDP should be requested to develop and update periodically, in collaboration with other agencies concerned, a list of NGOs that have the experience of working with different organizations and agencies. That view, if accepted, should be further considered in detail.

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